

Thirteenth Annual Report 2003 - 2004



THIS SIDE UP

Personally delivered
to you by a Superbrand

BLUE DART



AWB No. : 5800402001

ORIGIN : BOM DESTINATION : BLR

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PIECES OF :

01

SPECIAL INSTRUCTIONS : 10:00 AM DELIVERY

BLUE DART

20
YEARS'

Service To The Nation

Our vision

To be the Best and set the pace in the air express integrated transportation and distribution industry, growing from a National to a Regional leader with a business and human conscience.

We commit to develop, reward and recognise our People who, through high quality and professional service and use of sophisticated technology, will meet and exceed Customer and Stakeholder expectations profitably.



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BLUE DART AVIATION LIMITED

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CONSOLIDATED ACCOUNTS

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Board of Directors



Tushar K. Jani
Chairman



Clyde C. Cooper
Managing Director



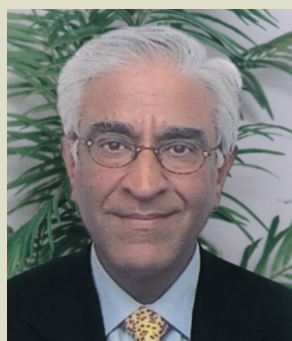
Khushroo M. Dubash
Director



Suresh G. Sheth
Director



**Air Marshal
S.S. Ramdas (Retd.)**
PVSM, AVSM, VM, VSM
Director



Anil Thadani
Director



Deepak Vaidya
Alternate Director to
Mr. Anil Thadani
Alternate Director

REGISTERED OFFICE

Blue Dart Centre, Sahar Airport Road, Andheri (E), Mumbai - 400 099

Tel : 28396444, Fax : 28244131 / 28311184 www.bluedart.com

Executive Management



Malcolm Monteiro
Sr. V.P. - Sales,
Services & Systems



Yogesh Dhingra
Sr. V.P. - Finance &
Chief Financial Officer



Tulsi Nowlakha Mirchandaney
Sr. V.P. - Marketing & Projects



Arun Kulkarni
Sr. V.P. - Administration
& Ground Operations



Nina Fernandes
V.P. - Corporate Human
Resource Development



Anil J. Gambhir
Head - Internal Audit



Tushar Gunderia
Company Secretary



Ashoka Kumar Jain
Sr. V.P. - North Region



Anil Khanna
Sr. V.P. - West 1 Region



Gopinath Menon
Sr. V.P.- South 2 Region



K. Gopa Kumar
V.P. - South 1 Region



Amod Dasgupta
V.P. - East Region



Samir Shah
Sr. Mgr. - West 2 Region



T.A. Krishnan
V.P. - North Region



Balfour Manuel
V.P. - West 1 Region

AUDITORS
Price Waterhouse

PRINCIPAL BANKERS
Canara Bank
ICICI Bank Ltd.
IDBI Bank Ltd.

SOLICITORS
Mulla & Mulla & Craigie Blunt & Caroe
DSK Legal

Chairman's Statement

Dear Shareholders,

I wish each of you a very cordial and warm welcome to this, the 13th Annual General Meeting of your Company. You would be delighted to learn that your Company reported a record operational and financial performance this year, with its highest ever net profit of Rs. 26.48 crores since its inception. The Board of Directors of your Company has recommended a higher dividend of 45%.

The Indian Economy rallied to encouraging levels this year, with growths estimated at 7.2% (NCAER); the country's foreign exchange reserves are at a high of \$ 119 billion, the manufacturing sector advanced positively, and an 8% growth is estimated for services in this fiscal. The Asian Development Bank (ADB) predicted that Indian Industry would grow 10.2% in 2004-05, and 8.9% in 2005-06. If these are accepted indicators, then they should herald another good year for Corporate India in 2004 -05.

Post World War II, the world went through a rebuilding age. Germany, the United Kingdom, Europe, the United States and Japan got involved in the engineering revolution. Activities in the areas of construction and infrastructure took centre stage. This period continued till the late fifties. Concurrently the Eastern block and some of the countries like India, Cuba, and Egypt set off on rebuilding their nations by adopting socialistic models. These efforts continued way into the late sixties. The early seventies brought the technology revolution. Machines were upgraded to smaller sizes, lower costs and higher production.

Numerical controls became popular. Numerous sources of alternate energies were being identified and implemented. This path changing phase was followed by an era of quality driven business activities. Quality standards such as ISO and Kaizen brought efficiencies in business processes.

The technology evolution had only just begun and, as part of the process, intelligent chips changed the production automation forever. In the eighties came the boom of Information Technologies and the mammoth task of increasing industrial efficiency continued. The requirement of man power in the production processes was becoming minimal. The early nineties most definitely belonged to the developing countries. These countries opened their borders to foreign investments and the cost of finance became cheaper by the day, with global funds being available for all the development that was necessary for industrial growth. In the mid-nineties, WTO norms brought about a lot of business reengineering. With the help of information technology, you could locate your production and back office operation anywhere.

The world was becoming smaller and smaller. Efficiencies were achieved in the industry by out-sourcing. In manufacturing, China became the biggest out-sourcing centre and India was emerging in the information technology sector and other intelligence related areas like research.

In this journey the industry has tried and achieved the desired efficiency and brought the cost of production down. Therefore, for organizations to now fight the competition, supply chain improvisation remains the only unexplored front. The supply chain processes get directly affected by two most critical factors, infrastructure and law. The world is working hard on both these issues. I personally believe that the next decade and beyond will belong to the supply chain and logistics movement, opening up new avenues for the industry to achieve further efficiency.

Therefore, I am happy that your company is in the business of supply chain solutions and is making all relevant infrastructure investments for the same.

In India, we have witnessed the emergence of businesses in the new economy, in areas such as the IT industry, Banking and Financial Services, Retail, Health Services and Biotechnology, that present potential for outsourcing of non-core areas and demand for new value added services such as express distribution and efficient supply-chain support. The courier industry has expanded to provide services in critical areas, and now plays an important role in contributing to efficiency in supply-chain management. The industry survey, conducted this year, pegs the overall

growth of the express industry at 20%. Based on these estimates, the size of the express industry is slated to be Rs. 6,203 crore by the year 2007-08.

This year, your Company celebrated its 20th Anniversary. The 19th November marks the day when Blue Dart came into existence 20 years ago, with a dream 'to be the best'. That dream has translated into reality and converted your Company into India's best integrated air express transportation and distribution Company and the largest in South Asia today. Your Company continued to expand its presence in the domestic market and currently leads the organised, domestic segment with the largest market share of 39%, as an independent survey conducted this year has shown.

During the year, in its drive to strengthen its unique infrastructure dedicated to support business and commerce, your Company set up state-of-the-art warehousing facilities at Bhiwandi and Hyderabad, an octroi-bonded warehouse at Mumbai, and an integrated air and surface facility, with a sales





Service To The Nation

tax notified warehouse, at Kolkata Airport. Thirty Three new retail outlets were added, bringing the total number of offices to 203, with a total area of 474,000 sq. ft. of facilities.

Blue Dart Aviation Ltd., the wholly owned subsidiary of your Company, inducted its fourth Boeing 737 aircraft into its fleet, to connect its 6th Aviation Hub at Hyderabad. The new aircraft adds 14 route connections and an additional 60 tonnes per night to Blue Dart's network, enhancing its capacity to 180 tonnes and a total of 39 route connections each night. Blue Dart Aviation Ltd. was the first private carrier to have received permission from the Director General of Civil Aviation (DGCA) to undertake a heavy maintenance D-Check on our aircraft. This is an accolade to our maintenance capability, and has also resulted in considerable cost-savings for your Company. I am also pleased to inform you that Blue Dart Aviation Ltd. is now a scheduled carrier and has been allocated a 2-character designator by IATA.

Skyline Air Logistics Pvt. Ltd. and Concorde Air Logistics Pvt. Ltd. have become Subsidiaries of your Company recently.

Continuing with its technology innovations towards building service excellence, your Company launched new technology tools: CARESS™ (Complaint Appreciation Resolution and Evaluation to Satisfaction System), a customer complaint redressal system and SHIELD™, an online security module.

Your Company has successfully leveraged its partnership with DHL Worldwide Express, the largest international express player. The complementary international and domestic strengths of DHL Worldwide Express and Blue Dart provide access to over 220 countries worldwide to a large domestic customer base over the widest geographical reach in the country. Today, your Company has the capacity to render globally-benchmarked services to more than 13,700 locations in India, Bangladesh, Bhutan and Nepal and over 220 countries worldwide, providing a vital link to business and trade.

This year, your Company re-commenced its media campaign after a gap of almost a decade. Extensive marketing research indicated that Blue Dart's customers perceived it as the most reliable brand in the Indian express industry. The research showed that, when customers needed to ship something critical and urgent, they used only Blue Dart. The campaign seeks to consolidate the 'reliability' platform where Blue Dart is clearly differentiated from the rest of the players. It also reinforces the delivery capability of Blue Dart in terms of its capacity that is the largest in the country today. The campaign conveys the message that your Company has graduated from being a document carrier to a large shipment company with a focus on trade and distribution.

A validation of your Company's brand strength was its selection as a Superbrand from over 700 brands across 93 categories. Your company was also presented the Brand Leadership and

Excellence Award at the India Brand Summit in November 2003. The award is based on the brand's ability to create lasting relationships with customers and delivering value for the Company.

During the year, your Company added SriLankan Airlines and Polar Air to its existing list of 20 interline partners. These agreements enable International Airlines to tranship cargo to stations to which they do not operate, and gain access to markets other than their gateways.

Our largest threat continues to remain the high and rising costs of Aviation Turbine Fuel (ATF). Though we have a fuel surcharge mechanism in place to neutralise the rising prices, uncontrolled increases over a long period will have a detrimental impact on the world economy that will cascade down to business. We hope that international prices will be reined in soon.

Good Corporate Governance has always been an integral part of the Company's business philosophy. Over the years, the Company has consistently made efforts to increase transparency. We continue to deliver value to our stakeholders through our People philosophy and Corporate Governance, based on distinctive customer service, business ethics and accountability and profitability. We also attempt to develop human potential and reach out to those less privileged than us, through various activities during the year, as our social responsibility.

I wish to place on record the exemplary dedication and hard work of our employees that contributed to the improved performance of the Company.

I express my gratitude, on behalf of your Company and on my own behalf, to our bankers, financial institutions, government authorities, business associates and other constituents for their valuable support and unstinting co-operation.

We remain committed to delivering sustainable, profitable growth that in turn delivers value to you. And to do this while benefiting all our other stakeholders - our customers, our employees, our associates, our suppliers and society at large.

I wish to thank each one of you for your confidence and trust which has provided us with the impetus to grow. I also take this opportunity to thank every member of the Blue Dart team for their contribution in creating a proud brand that delivers on its promise. I look forward to your continued support and strength as we march forward on our promising journey.

Warm regards,

Mumbai
June 17, 2004

Tushar Jani
Chairman

Financial Summary

FINANCIAL SUMMARY OF LAST 5 YEARS

	(Rs. in Crores)				
Year End March	1999-00	2000-01	2001-02	2002-03	2003-04
Income from Operations	204.86	256.17	286.67	314.99	354.86
Other Income	0.32	0.54	0.59	0.38	0.47
Total Income	205.18	256.71	287.26	315.37	355.33
Total Expenditure	178.72	215.24	247.26	270.67	299.67
Operating Profit	26.46	41.47	40.00	44.70	55.66
Interest (Net)	8.66	10.04	8.52	5.69	4.35
Gross Profit	17.80	31.43	31.48	39.01	51.31
Depreciation	3.79	5.60	6.21	7.82	10.01
Profit Before Tax	14.01	25.83	25.27	31.19	41.30
Taxation	1.70	2.80	7.26	10.11	14.82
Profit After Tax	12.31	23.03	18.01	21.08	26.48
Equity	11.89	11.89	23.73	23.73	23.73
Reserves	77.33	95.79	84.79	94.23	108.66
Gross Fixed Assets	100.72	122.29	136.17	146.06	186.90
Book Value (in Rs.)	73.70	89.72	45.63	49.30	55.47
ROCE (in percentage)	17.88	24.54	23.03	25.76	28.95
Debt Equity (in times)	0.64	0.44	0.33	0.25	0.31
Total Debt Equity (in times)	0.89	0.67	0.57	0.44	0.49

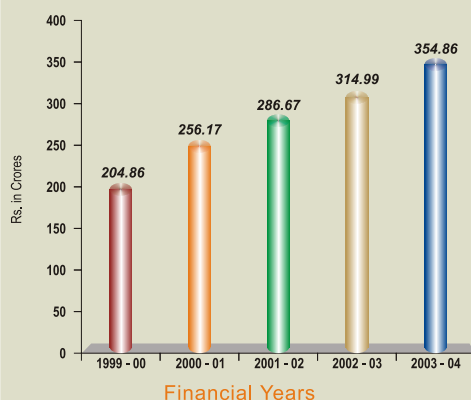
During the Financial year 2001-02, the company had issued Bonus Shares in the ratio of 1:1.

20 YEARS'

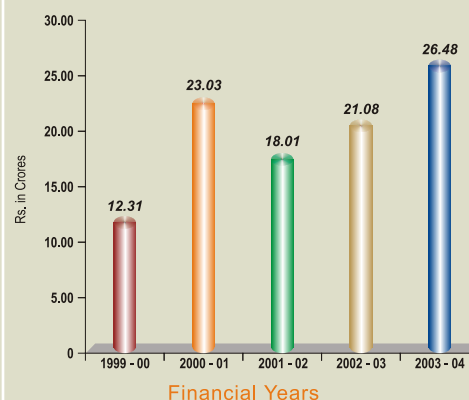
FIVE YEARS IN REVIEW

Service To The Nation

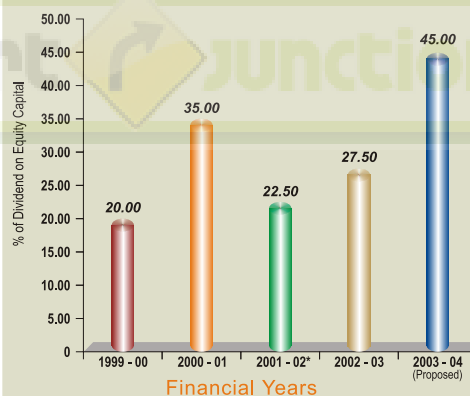
Income from Operations



Net Profit

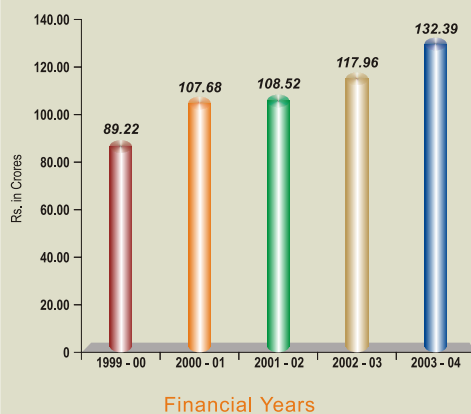


Dividend Percentage

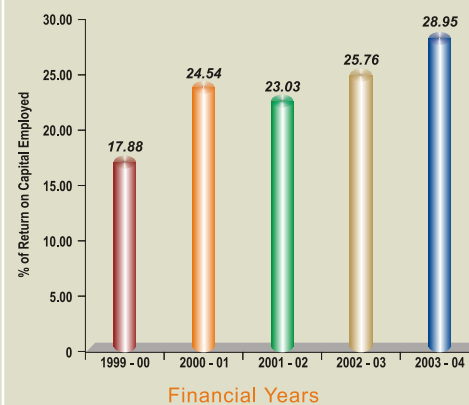


* During the Financial Year 2001 - 02, Company had issued bonus shares in the ratio of 1 : 1.

Networth



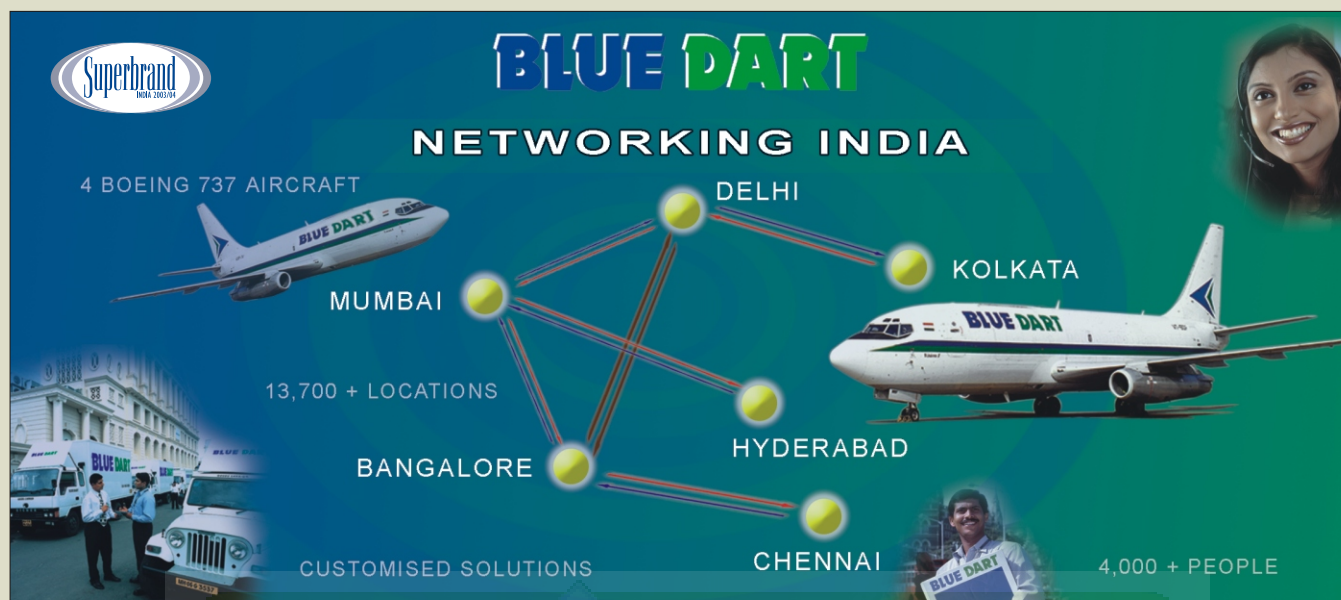
Return on Capital Employed



Leadership

Blue Dart is the market leader in South Asia's express industry, with a market share of *39% in the organized, domestic segment.

Meeting the needs of over 41,000 customers through.....



8

INFRASTRUCTURE

- India's only domestic cargo airline with a fleet of 4 Boeing 737 freighters and 39 route connections each day.
- 203 offices, 183 franchisees and 171 service participants.
- 474,000 sq. ft. of facilities, including 7 bonded warehouses and 9 hubs.
- Delivering to over 13,700 locations in India, Bangladesh, Bhutan and Nepal, and 220 countries worldwide
Via an integrated air and surface system.
- The widest geographical reach linked by a surface network of 2,717 vehicles.

SERVICES

- Over 36.4 million domestic and 0.5 million international shipments.
- 87,198 tonnes of express and air freight loads.
- Delivered at reliability levels of 99.95%.
- ISO 9001-2000 certified standards for the entire operations, products and services.

* ACNielson Market Survey Report, 2004